

PUBLIC DISCLOSURE

JULY 30, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MARLBOROUGH CO-OPERATIVE BANK

175 MAIN STREET
MARLBOROUGH, MA 01752-0804

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of MARLBOROUGH CO-OPERATIVE BANK prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated " High Satisfactory"

The bank's rating is based upon the five performance criteria analyzed in this report. The loan-to-deposit ratio averaged 91.4 percent for the period September 30, 1999, to June 30, 2001. A review of the bank's origination of residential mortgage and home improvement loans from January 1, 2000, through year-to-date June 30, 2001, revealed that the majority of loans were extended within the assessment area. The distribution of loans to borrowers of different income levels represents the demographic composition of the assessment area. By comparison, the bank's performance in lending to low- and moderate-income borrowers is better than all other HMDA-reporting lenders within the assessment area. The bank's geographic distribution of loans reflects a good penetration throughout the assessment area and compares favorably with that of other lenders within its assessment area. No CRA-related complaints have been received since the last examination. The fair lending examination gave no indication of any discriminatory acts or practices. At management's request, the bank's CRA related investments and services were reviewed and were found to support the overall rating of high satisfactory.

PERFORMANCE CONTEXT

Description of Institution

Marlborough Co-operative Bank is a state-chartered bank, incorporated under the laws of the Commonwealth of Massachusetts in 1890. The bank is headquartered at 175 Main Street in Marlborough, Massachusetts. In addition, the bank operates two full service branches located in the Towns of Marlborough and Hudson. All offices have Automated Teller Machines (ATMs). In addition, there is a freestanding ATM (for withdrawals only) at the Holiday Inn Hotel and Suites in Marlborough. Marlborough Co-operative Bank is a participant in the SUM network of ATMs. Bank customers are not assessed a surcharge when they utilize SUM designated ATMs. However, the bank does charge an annual fee for its ATM cards. Hours of operation are convenient and include extended hours on Thursday and Friday as well as extended hours on Saturday.

As of June 30, 2001, Marlborough Co-operative Bank had total assets of \$71,140,000, 74.7 percent of which were in the form of loans.

The bank is primarily a residential lender with 78.7 percent of its loans consisting of 1-4 family residential mortgages. The bank offers a number of different credit products, including conventional fixed rate and adjustable rate mortgages, equity lines of credit and fixed rate second mortgage loans.

The following table reflects Marlborough Co-operative Bank's loan portfolio composition as of June 30, 2001.

Marlborough Co-operative Bank Loan Portfolio*	
Loan Type	Percentage of Gross Loans (Dollars)
1-4 Residential Mortgages	78.7
Commercial Real Estate	9.3
Home Equity Lines of Credit	3.8
Multi-Family Residential Properties	3.4
Consumer Loans	3.2
Construction Loans	1.2
Commercial loans	0.4

* Source: FDIC Quarterly Call Report as of 6-30-01

Marlborough Co-operative Bank offers a number of flexible lending programs including the following.

Soft Second Loan Program

This program is a joint initiative of the public and private sectors. The purpose of this program is to increase affordable housing opportunities for qualified individuals. This program combines a conventional first mortgage with a subsidized second mortgage through the Massachusetts Housing Partnership. This program helps low and moderate-income households qualify for a mortgage and purchase a home. During 2000, two first mortgage loans totaling \$276,675, plus \$73,780 in soft second mortgages were originated. As of July 30, 2001, a first mortgage loan for \$36,822 plus a \$20,000 soft second mortgage has been originated.

Marlborough Municipal Workers 0 percent Down Program

During the examination the bank introduced its Marlborough Municipal Workers 0% Down Program. This first-time homebuyer program is for municipal employees who are buying a home in Marlborough. The program features a 0% downpayment requirement and is based upon 5/1 ARM with a 30 year amortization. Mortgage insurance is also required from the Massachusetts Housing Finance Agency.

HOME

The bank is a participant in the Homeowner Options for Massachusetts Elders (HOME) program. HOME is an independent non-profit agency dedicated to helping low and moderate-income senior citizens remain in their homes. HOME provides counseling, education, lending programs and various other services. Through July 31, 2001 the bank originated two loans totaling \$185,725.

Marlborough Co-operative Bank offers banking service via its Web site at www.bankatmcb.com and via Internet e-mail. Customers have the ability to make loan requests, order new checks, ask questions, and request other services through this method. In addition, the bank offers telephone banking service through its "Tel-R-Link" 24-hour, toll-free telephone system. This service allows customers to verify account balances, inquire about recent account activity, or transfer funds between accounts by using a touch tone telephone.

The bank has a CRA Committee, which is composed of the President and CEO, a Vice President, two Assistant Vice Presidents, and two members of the Board of Directors. The CRA committee meets periodically as issues develop.

Marlborough Co-operative Bank faces competition within its assessment area from institutions such as Hudson Savings Bank, Hudson Municipal Employees Credit Union, Community National Bank, Marlborough Savings Bank, St. Mary's Credit Union, Digital Credit Union and several regional and national mortgage companies. The market

influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered competitive.

The FDIC last examined the bank for compliance with the Community Reinvestment Act on June 16, 1999. That examination resulted in a satisfactory rating.

Description of Assessment Area

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The bank's assessment area contains 12 cities and towns located in the Worcester and Boston Metropolitan Statistical Areas (MSA). The Office of Management and Budget establishes MSAs for statistical reporting purposes by federal agencies.

Marlborough Co-operative Bank's assessment area consists of the following cities and towns:

- The Towns of Boylston, Clinton, Northborough, Shrewsbury, Westborough and West Boylston located within the Worcester MSA; and
- The City of Marlborough and the Towns of Berlin, Hudson, Maynard, Southborough and Stow located within the Boston MSA.

The assessment area is comprised of 32 census tracts, of which 1 census tract or 3.1 percent is designated as moderate-income; 17 or 53.1 percent are middle-income; 13 or 40.6 percent are upper-income and 1 census tract or 3.1 percent has no income designation. The 1 moderate-income census tract is located in Marlborough. The census tract with no income designation (3882.98) is in Marlborough. There are no low-income census tracts in the bank's assessment area.

According to the 1990 Census Data, there are 58,200 housing units located within the assessment area, of which 63.5 percent are owner-occupied; 31.0 percent are rental units and 5.5 percent are vacant units. The assessment area's population totaled 147,200 persons. The assessment area contained 55,239 households, of which 5.1 percent were below poverty level, 23.3 percent receive social security, and 3.9 percent receive public assistance.

Description of Marlborough

The City of Marlborough is a community located in Eastern Massachusetts, and is bordered by Hudson on the north, Sudbury and Framingham on the east, Southborough on the south, and Berlin and Northborough on the west. The City of Marlborough is about 17 miles east of Worcester, and 27 miles west of Boston.

Founded in 1650, Marlborough has continued to be the home of the shoe industry long after that industry has left many other New England communities. Frye Boots were manufactured in Marlborough through the 1970's and The Rockport Company continues to maintain its corporate headquarters in the city. Currently, Marlborough is host to several high technology and specialized electronics firms. Companies include Fidelity, Raytheon and Compaq Computer to name a few

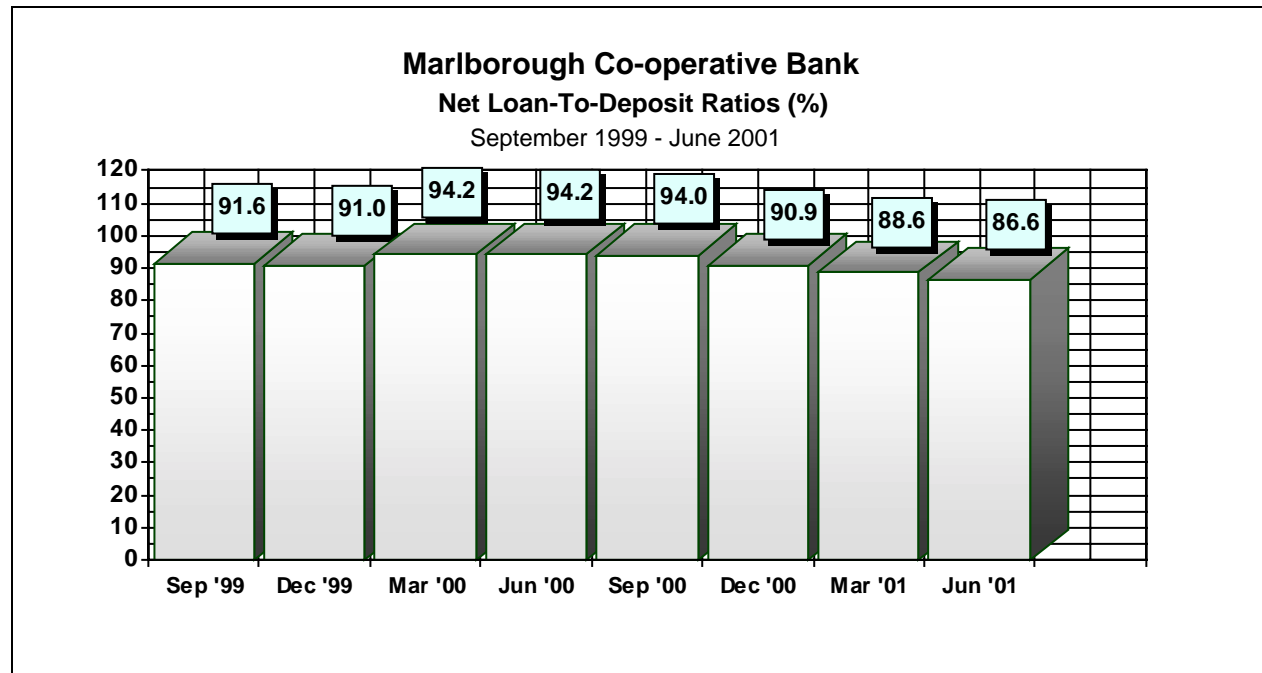
PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Marlborough Co-operative Bank's net loan-to-deposit ratio is determined to exceed the standards for satisfactory performance.

The level and trend of the bank's net loan-to-deposit ratio over the last eight quarters from September 30, 1999 through June 30, 2001 was evaluated. The analysis was based upon Federal Financial Institutions Examination Council (FFIEC) Call Report data for this institution. The average net loan-to-deposit ratio for this time period is 91.4 percent. The ratio of net loans-to-deposits demonstrates a steadily increasing trend through June 2000 and a declining trend in the succeeding quarters. Deposit growth for the period was 4.4 percent; however, loan growth for the period declined by 4.3 percent. The overall trend, nevertheless, supports Marlborough Co-operative Bank's efforts in extending credit to its community.

The following graph depicts the institution's loan-to-deposit ratio for the last 8 quarterly time periods.



Marlborough Co-operative Bank's net loan-to-deposit ratio for the period ending June 30, 2001 was compared to five other institutions that operate within its assessment area. The following table provides the loan-to-deposit ratios of the other institutions and this bank. The institutions' asset sizes are also provided. Marlborough Co-operative Bank is by far the smallest of the banks listed; however, the bank has a proportionately higher ratio of loans-to-deposits than four out of the other five banks listed.

INSTITUTION	ASSET SIZE (millions)	NET LOAN TO DEPOSIT RATIO
Hudson Savings Bank	\$370	98.1%
Marlborough Co-operative Bank	\$72	88.6%
Metrowest Bank	\$914	80.6%
Marlborough Savings Bank	\$202	71.4%
St. Mary's Credit Union	\$315	63.2%
Middlesex Savings Bank	\$2,400	57.6%

*Source: FDIC and NCUA Call Report data 3/31/01.

In conclusion, the net loan-to-deposit ratio for Marlborough Co-operative Bank is more than reasonable. Given the bank's capacity to lend, its lending activity and the credit needs of the assessment area, the bank's performance is considered to be at an exceptional level and exceeds the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon an analysis of the bank's Home Mortgage Disclosure Act (HMDA) data, the bank's level of lending within the assessment area meets the standards for satisfactory performance.

An analysis of Marlborough Co-operative Bank's residential loan data was conducted to compare the bank's level of lending activity inside and outside the assessment area. HMDA/Loan Application Registers (LARs) for calendar years 1999, 2000 and year-to-date June 30, 2001 were utilized for this analysis. During this period, the bank originated 110 loans totaling \$13.0 million. Of this figure, 66 loans, or 60.0 percent of the number totaling \$7.5 million or 57.6 percent of the dollar volume were originated in the bank's assessment area.

Refer to the following table for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
1999	36	53.7	3,921	52.9	31	46.3	3,485	47.1
2000	19	63.3	2,312	57.8	11	36.7	1,686	42.2
2001	11	84.6	1,278	77.7	2	15.4	367	22.3
Total	66	60.0	7,511	57.6	44	40.0	5,538	42.4

Source: HMDA/LAR, CRA Wiz

Marlborough accounted for the largest number of originations with 60.6 percent, followed by Shrewsbury with 15.1 percent. Marlborough also accounted for the largest dollar volume of originations with 49.2 percent, followed by Shrewsbury with 19.4 percent.

Based upon the above information, it is evident that a majority of HMDA-reportable loans have been extended inside the bank's assessment area. Therefore, the bank has met the standards for satisfactory performance in this category.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The distribution of residential loans to borrowers of different income reflects exceptional penetration among all income levels. Based upon this analysis, the bank exceeds the standards for satisfactory performance.

Residential loans originated by the bank within the assessment area were further analyzed to determine the distribution of loans by borrower income level. Depending on the location of the property, the borrowers' reported incomes were compared to the median family incomes for the Worcester and Boston Metropolitan Statistical Areas (MSAs). These income figures are based on estimated Department of Housing and Urban Development (HUD) information. Refer to the following table for a breakdown of the HUD estimated median family incomes by MSA for 1999, 2000 and 2001.

MSA	1999	2000	2001
Boston	\$62,700	\$65,500	\$70,000
Worcester	\$52,600	\$54,400	\$57,000

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate income is defined as income between 50 to 79 percent of the median family income level for the MSA. Middle income is defined as income between 80 and 119 percent of the median family income level. Upper income is defined as income greater than 120 percent of the median family income level.

The bank extended 23 loans to low- and moderate-income borrowers representing 34.8 percent of the total loans within the assessment area. This is higher than the 31.5 percent of low- and moderate-income households within the area.

The following table outlines the number of HMDA-reportable loans granted to low, moderate, middle, and upper-income borrowers within the assessment area. Also indicated is the comparison of the borrowers to the number of households, by proportion, within each income group.

Distribution of HMDA Loans by Borrower Income									
% of Median MSA Income	% Total Households	1999		2000		2001		Total	
		#	%	#	%	#	%	#	%
<50%	17.2	2	5.6	2	10.5	3	27.3	7	10.6
50%-79%	14.3	12	33.3	3	15.8	1	9.1	16	24.2
80%-119%	19.8	7	19.4	4	21.1	3	27.3	14	21.2
120%>	48.7	15	41.7	9	47.4	4	36.3	28	42.5
NA	0	0	0	1	5.2	0	0	1	1.5
Total	100	36	100	19	100	11	100	66	100

Source: U.S. Census, HMDA LAR

The distribution of the bank's loans among borrowers of different income levels was also compared to that of all other HMDA-reporting lenders that made loans in the assessment area. As previously mentioned, other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1999 and is presented in the following table.

Distribution of HMDA Reportable Loans Marlborough Co-operative Bank Compared to Other Lenders								
% of Median MSA Income	Number of Loans				Dollar Amount of Loans			
	Marlborough Co-operative Bank		All Other Reporters		Marlborough Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
<50%	2	5.6	316	3.2	74	1.9	25,657	1.7
50%-79%	12	33.3	1,069	10.8	1,070	27.2	102,533	6.8
80%-119%	7	19.4	2,010	20.4	1,004	25.6	245,652	16.3
120%>	15	41.7	4,756	48.2	1,773	45.3	851,987	56.4
NA	0	0	1,726	17.4	0	0	285,481	18.8
Total	36	100	9,877	100	3,921	100	1,511,310	100

Source: 1999 HMDA Aggregate Data

The distribution of the Marlborough Co-operative Bank's residential loans to low-income borrowers is above that of all other HMDA-reporters within the assessment area. As shown above, the bank's percentage of lending to borrowers of low-income is greater than the aggregate by both number and dollar amount. The bank originated 5.6 percent by number and 1.9 percent by dollar amount of the total loans within the assessment area to borrowers of low-income, compared to the aggregate with 3.2 percent by number and 1.7 percent by dollar amount. HMDA-reportable loans to moderate-income borrowers accounted for 33.3 percent by number and 27.2 percent by dollar amount within the assessment area. Both number and dollar amount are considerably above that of the aggregate.

Marlborough Co-operative Bank's residential lending ranked 26th in market share in loans to low and moderate-income individuals within the assessment area. The bank originated 14 loans to low and moderate-income borrowers capturing 1.0 percent of the market. The top three lenders to low and moderate-income borrowers were Countrywide Home Loans with 7.36 percent, Hudson Savings Bank with 6.08 percent and Marlborough Savings Bank with 4.65 percent. It is noted that these three institutions are representative of a number of much larger local banks and nation-wide high volume mortgage lenders. These institutions are not intended to be matched competitively with Marlborough Co-operative Bank. Nonetheless, the bank's performance when compared to the aggregate is noteworthy.

The distribution of HMDA-reportable loans by borrower income level demonstrates the bank's willingness to lend to borrowers of all income levels especially those of low and moderate-income. The bank's performance, when compared to aggregate is exceptional and was found to exceed the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

An analysis of the bank's residential loans was conducted to determine the distribution of lending among geographies of different income levels. The analysis indicates that Marlborough Co-operative Bank's geographic distribution of loans exceeds the standards for satisfactory performance.

A review of the geographic dispersion of loans was conducted. As mentioned previously the assessment area is comprised of 32 census tracts of which 1 or 3.1 percent is designated as moderate-income; 17 or 53.1 percent as middle-income; 13 or 40.6 percent as upper-income and 1 or 3.1 percent with no income designation.

The following table provides a breakdown, by number, of the bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also depicts the percentage of owner-occupied housing units within each tract category.

Distribution of HMDA Loans by Income Category of the Census Tract									
Census Tract Income Level	%Owner-Occupied Housing Units	1999		2000		YTD2001		Total	
		#	%	#	%	#	%	#	%
Moderate	4.8	4	11.1	2	10.5	1	9.1	7	10.6
Middle	57.2	23	63.9	8	42.1	8	72.7	39	59.1
Upper	37.8	9	25.0	9	47.4	2	18.2	20	30.3
Total	100	36	100	19	100	11	100	66	100

Source: U.S. Census, HMDA/LAR

As shown in the above table, 10.6 percent of the bank's total loans were originated within moderate-income census tracts. This is above the percentage of owner-occupied housing units represented in this income level. The above data also indicates that the number of loans in middle and upper-income census tracts is proportionate to owner-occupied units within these areas.

The geographic distribution of the bank's loans by census tract income category was compared to that of all other HMDA-reporting lenders in the assessment area. As demonstrated in the following table, the percentage of the bank's lending in moderate-income census tracts is greater than that of the aggregate in number and in dollar amount. The percentage of the bank's lending activity was 11.1 percent by number and 6.2 by dollar amount in 1999. In comparison, the aggregate originated 3.6 percent by number and 2.9 percent by dollar amount in moderate-income census tracts.

Distribution of HMDA Reportable Loans Marlborough Co-operative Bank Compared to All Other Reporters								
Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Marlborough Co-operative Bank		All Other Reporters		Marlborough Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Moderate	4	11.1	358	3.6	240	6.2	43,527	2.9
Middle	23	63.9	4,530	45.9	2,674	68.1	585,103	38.7
Upper	9	25.0	4,987	50.5	1,007	25.7	882,450	58.3
NA	0	0.0	2	0.0	0	0.0	230	0.0
Total	36	100	9,877	100	3,921	100	1,511,310	100

Source: 1999 HMDA Aggregate Data

In 1999, the bank ranked 30th in lending in the assessment area's moderate-income census tract with a 1.10 percent market share. The top three lenders in this tract were St. Mary's Credit Union, Norwest Mortgage, Inc., and Hudson Savings Bank with market shares of 4.97 percent, 4.14 percent, and 4.14 percent, respectively.

Based on the above information the bank is considered to have a good geographic distribution of loans in its assessment area and is found to exceed the standards for a satisfactory performance.

5. REVIEW OF COMPLAINTS/FAIR LENDING

RESPONSE TO COMPLAINTS

The bank has not received any CRA related complaints since the previous examination.

FAIR LENDING POLICIES AND PROCEDURES

The bank's fair lending policies and procedures are comprehensive in nature and address specific areas such as staff training, fair lending procedures, a loan application and evaluation process as well as applicable rules and regulations regarding the Fair Housing Act, the Equal Credit Opportunity Act, the Consumer Protection Act, and the Community Reinvestment Act.

All employees are provided with training relative to their job description and fair lending responsibilities. Issues include the technical requirements as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance.

The bank's staff volunteer their time to a variety of area organizations in need of their training and expertise. Several employees of the bank speak a second language. These individuals provide needed assistance to non-English speaking individuals. The bank markets its services and products to the community through a variety of mediums including print, television, radio, and through the Internet.

Minority Application Flow

Marlborough Co-operative Bank's assessment area has a population of 147,200 individuals. The minority population totals 8,713 individuals or 5.9 percent of the total population. The assessment area's minority population consists of 0.1 percent Native American, 2.0 percent Asian, 1.2 percent Black, 2.5 percent Hispanic and 0.1 percent Other.

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minority applicants. The bank received 71 residential loan applications from within its assessment area. During this period, 14 applications or 19.7 percent were received from minorities. The bank originated 12 or 85.7 percent of these applications. Refer to the following table for further detail.

MINORITY APPLICATION FLOW*								
RACE	BANK 1999		BANK 2000		BANK 2001		BANK	
	#	%	#	%	#	%	#	%
Native American	0	0.0	0	0.0	1	9.1	1	1.4
Asian	0	0.0	0	0.0	0	0.0	0	0.0
Black	0	0.0	0	0.0	0	0.0	0	0.0
Hispanic	3	7.7	4	19.0	0	0.0	7	9.9
Joint	1	2.6	0	0.0	2	18.2	3	4.2
Other	2	5.1	1	4.8	0	0.0	3	4.2
Total Minority	6	15.4	5	23.8	3	27.3	14	19.7
White	33	84.6	15	71.4	8	72.7	56	78.9
NA	0	0.0	1	4.8	0	0.0	1	1.4
Total	39	100.0	21	100.0	11	100.0	71	100.0

*Source: PCI Services, Inc., CRA Wiz Software

The bank's 1999 minority application flow was compared to the application flow of the aggregate lenders within the assessment area. This data indicated that the bank received 15.4 percent of its applications from minority applicants compared to 6.0 percent for all other lenders.

1999 MINORITY APPLICATION FLOW*				
RACE	AGGREGATE DATA		BANK	
	#	%	#	%
Native American	18	0.1	0	0.0
Asian	282	2.2	0	0.0
Black	105	0.8	0	0.0
Hispanic	135	1.0	3	7.7
Joint	150	1.1	1	2.6
Other	106	0.8	2	5.1
Total Minority	796	6.0	6	15.4
White	8,746	66.4	33	84.6
NA	3,625	27.6	0	0.0
Total	13,167	100	39	100

*Source: PCI Services, Inc., CRA Wiz Software

The minority application flow for the bank and the aggregate for this period was compared with the racial make-up of the assessment area. The comparison of this data assists in deriving reasonable expectations for the bank's minority application flow.

Aggregate information for 1999 indicated that, of the 13,167 HMDA-reportable applications received by all other lenders within the bank's assessment area in 1999, 6.0 percent were from minorities.

Marlborough Co-operative Bank's minority application flow when compared to the other lenders within the assessment area is above the aggregate. However, the low volume of lending must be considered as a factor in the bank's high percentage of minority applications.

INVESTMENT AND SERVICES

At the request of management the bank's investments and services were reviewed and were found to further support the bank's overall high satisfactory rating.

Investments

From January 1, 2000 through July 30, 2001 the bank has made contributions of approximately \$16,211 to various local organizations. Of these contributions, \$7,075, or 43.6 percent, meet the requirements of qualified investments under the CRA regulation. The bulk of the contributions were to the Metrowest Boy's and Girl's Club, the H.O.M.E. Program, Cystic Fibrosis Great Strides Program and Project Heartbeat.

Retail Services

The bank's main office is located in a moderate-income census tract in Marlborough. The two branch offices are located in middle-income census tracts. All offices have ATMs and one branch has a drive-up teller window.

Hours

The bank's hours are convenient and similar to the hours at other local institutions. The bank maintains extended hours at all offices on Thursday, Friday and Saturday mornings. In addition the branch located in the Post Road Plaza is opened on Thursday and Friday evenings until 7PM.

Bilingual Employees

The bank has three employees who speak Spanish and/or Portuguese to better serve the bank's customers.

Price Chopper ATMs

The bank has a contract with Price Chopper Operating Company of Massachusetts, Inc., a subsidiary of Golub Corporation, to sponsor 12 ATMs in Price Chopper Supermarkets throughout Central and Western Massachusetts. These ATMs are owned and operated by Price Chopper, and do not accept deposits. Of the 12 ATMs, 3 are located within the bank's assessment area within middle-income census tracts and 2 others are located within moderate-income census tracts.

Internet Banking

The bank has an operational website at www.bankatmcb.com. This website offers informational services and enables customers to apply for credit on-line.

Community Development Services

Basic Banking for Massachusetts

The bank is a participant in the Basic Banking for Massachusetts program, which offers low-cost checking and savings accounts that benefit low and moderate-income individuals.

Electronic Benefits Transfer (EBT) Program

The bank participates in the Commonwealth of Massachusetts Department of Transitional Assistance (DTA) EBT program. The bank's ATMs accept the DTA-EBT Image Card, which allows public assistance recipients access to their funds.

Technical Services

Bank officers and employees are involved in several organizations within the assessment area. The following are some of the organizations in which bank representatives are involved.

Marlborough Regional Chamber of Commerce

The bank's President is a member of the Board of Directors of this organization and serves as President of the Chamber's Charitable Foundation. The foundation receives and distributes funds to needy organizations. A bank Vice President serves on the Chamber's Economic Development Committee (EDC). The EDC promotes Marlborough as an attractive place for businesses to exist and facilitates the relationship between local businesses and city hall. In addition, a bank Vice President serves on the Chamber's Downtown Round Table Committee. This committee consists of bank representatives from local institutions who meet periodically with local neighborhood associations to determine credit and other community needs.

Assabet Valley Chamber of Commerce "Quick Loan Program Committee"

A Vice President of the bank is a member of this committee, which grants small business loans from \$2,000 to \$15,000 to businesses within Hudson, Maynard, Stow, Bolton, and Berlin. The maximum term is 4 years with an interest rate equal to The Wall Street Journal's prime rate plus 2 percent. All applicants are notified within 48 hours of acceptance or denial.

Great Strides-Cystic Fibrosis Program

In May of each year, the local Cystic Fibrosis Great Strides walk takes place in Marlborough. The bank's program offers a complimentary bear to each customer who opens a new checking account through June 30. At the end of the campaign the bank donates \$25 to cystic fibrosis on behalf of each account and matches the total funds raised during the campaign. During the campaign for the year 2000 the bank donated \$1,300 and for 2001 the bank donated \$785.

Other Services

During 2000, the bank, through the Federal Home Loan Bank of Boston's (FHLB) Affordable Housing Program, was able to obtain a \$105,000 grant for the Employment Options, Inc. Mechanic Street Project. This organization works with adults, their families, their children and their communities to improve the lives of those living with mental illness. The Mechanic Street Project involves the construction of a two-story independent-living facility to serve six very low-income individuals with chronic mental illness.

On May 24, 2000 the bank along with three other local financial institutions and Mass Development Corp. provided a \$4,000,000 loan to the Marlborough Hospital. The monies will be used for a major addition providing emergency room, main entrance, connectors and medical offices on two floors and in the basement. The bank's portion of this loan is \$750,000.

Educational Programs

The bank participates in the "Adopt-A-School" and State Treasurer's "Savings Make Cents" programs. These programs are geared toward fourth grade pupils who attend the Hildreth Elementary School in Marlborough. In addition, the bank makes an annual donation of U.S. History calendars to local schools.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

MARLBOROUGH CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JULY 30, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.